

## Test Case DI-C20: Two-Married Borrowers with Multiple Sources of Income, Shared Business 50%-50%

The purpose of this test case is to illustrate a scenario involving multiple sources of income for a limited cash-out refinance loan for two borrowers. These income sources include self-employment, regular employment, and rental income. The test case references reports generated by the Income Calculator tool where the eligible monthly self-employment income has been calculated. This calculated amount is then linked to the corresponding employment or REO (Real Estate Owned) asset instance using an ArcRole within the loan submission payload.

### Narrative for Data Integrity Suite Test Case DI-C20:

In this use case, one URLA-Borrower form and one URLA-Additional Borrower form are used, along with the URLA-Lender form.

#### Key Loan Characteristics

- Conventional
- Fixed – 30 Year
- 1 Unit
- Limited Cash-Out Refinance
- Primary Residence
- Regular employment income
- Borrowers share business ownership, declared as Self-Employment Income with OwnershipInterestType= "GreaterThan25Percent"

#### Other Data Elements Stressed in the Test Case

- Proper calculation of Lines D and E of Qualifying the Borrower for a Limited Cash-Out Refinance
- Linking of more than one mortgage liability to a REO/Subject Property
- Support of the Undrawn HELOC amount
- Support of a re-subordinated liability for a subject property
- Support of a new ArcRole to associate Income Calculator reports with declarations of self-employment income.

#### Section 1: Borrower Information

Patrick and Lorraine Purchaser are seeking to refinance their primary residence—an attached single-family home located at 1234 Main Street, Baltimore, MD 20600-1234—to take advantage of lower interest rates. Patrick is employed full-time at ABC Bank, while Lorraine's primary occupation is with the couple's jointly owned business, Patrick and Lorraine's Deli. In addition to his salary from the bank, Patrick also earns secondary self-employment income through his active role in the deli, which he co-

owns equally with Lorraine. Further details regarding their personal, employment, and income profiles are documented in the corresponding section of Form 1003.

## Section 2: Financial Information— Assets and Liabilities

Patrick and Lorraine Purchaser's assets are listed in this section of Form 1003. They share a checking and money market account, along with a retirement account. Patrick and Lorraine's liabilities are also listed on the included Form 1003, they have five revolving credit cards of which two will be paid off prior to closing.

## Section 3: Financial Information – Real Estate

The Purchasers are refinancing the \$198,514 first lien mortgage on their primary residence, but they will retain (and resubordinate) their existing second mortgage. The second mortgage is a HELOC with a maximum line of credit of \$25,000, and they have drawn \$8,000, leaving them with an undrawn amount of \$17,000. Additionally, they are selling their manufactured second home at 567 Elm Street, and they expect this sale to be settled before the close of their refinance loan. All the information on both properties is shown in this section of Form 1003.

## Section 4: Loan and Property Information

Patrick and Lorraine Purchaser's loan and property information can be found in this section of Form 1003. They will not have any other new mortgages on the property, and there is no rental income to be calculated. Additionally, they will not receive any gifts or grants for this loan.

## Section 5 Declarations, Section 6 Acknowledgments, Section 7 Military Service, and Section 8 Demographics

Patrick and Lorraine Purchaser answered all the declarations and signed the loan application. Neither had any military service to report, and they provided their sex information on the Form 1003, but both refused to provide ethnicity or race information.

## Section 9: Loan Originator Information

The loan originator provided their contact and license information and signed the loan application.

## Lender Loan Information

John Done at ABC Mortgage offered the borrowers a 30-year conventional fixed-rate loan in the amount of \$202,000, at an interest rate of 4.500%. In addition to the existing mortgage of \$198,514, Patrick and Lorraine agreed to pay off two of their small revolving accounts prior to closing, totaling \$4,530. Because this is a Limited Cash-Out Refinance, this amount cannot be paid from the transaction but is added to the funds required to close.

The \$202,000 loan proceeds, less estimated closing costs of \$4,100 (including prepaid items of \$2,300) plus Borrower Paid Outside Closing items of \$386, nets out to \$228. When the \$4,530 to pay off the two credit cards is added, the funds required to close, as reflected in the DU Findings, amount to \$4,758.

### Supplemental Consumer Information Form (SCIF)

Patrick and Lorraine each completed this form and indicated that their preferred language for loan-related communications is English.

### Income Calculator Information

Patrick and Lorraine Purchaser have two primary sources of income: one from wage-earner employment and the other from their jointly owned business (self-employment). They are equal partners (50% each) in Patrick and Lorraine's Deli, a business they established on February 2, 1998. Patrick also holds a salaried position at ABC Bank, earning \$6,500 per month. In addition, both Patrick and Lorraine receive \$1,875 each in monthly income from their shared business. While Patrick's bank salary is considered wage-earner employment, the income from the deli represents self-employment earnings for both individuals. For loan qualification purposes, the Income Calculator Tool will assess the self-employment income derived from the deli. All income sources, including Patrick's salary and the business income for both partners, will be considered in the comprehensive underwriting analysis.

Within the Income Calculator tool (outside of DU), one self-employment Income Calculator evaluation (D469KSJ) has been created for Patrick. The DU:VERIFICATION must be joined to the correct EMPLOYMENT using an ArcRole.

Within the Income Calculator tool (outside of DU), one self-employment Income Calculator evaluation (D945ZCA) has been created for Lorraine. The DU:VERIFICATION must be joined to the correct EMPLOYMENT using an ArcRole.

Note: Income Calculator generates a unique evaluation ID for each Borrower/employment. If two borrowers share joint ownership of a single business, the lender is required to create two Income Calculator IDs.